



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 24, 2003

Joint Committee on Finance

Paper #423

Food and Variable Non-Food Costs (DHFS -- Care and Treatment Facilities)

[LFB 2003-05 Budget Summary: Page 256, Items #7 and #8]

CURRENT LAW

The Department of Health and Family Services, Division of Care and Treatment Facilities (DCTF) operates seven residential institutions, including: (a) three state centers for the developmentally disabled (Northern, Central, and Southern Wisconsin Centers); (b) two mental health institutes (Winnebago and Mendota); (c) the Wisconsin Resource Center (WRC); and (d) the Sand Ridge Secure Treatment Center (SRSTC).

Funding budgeted to support the costs of providing food and nonfood services, such as medical care, drugs, clothing and other supplies, for residents at these facilities is budgeted separately from funding that supports these facilities' other operating costs.

Funding for the state centers is comprised of program revenue (PR) from the medical assistance (MA) benefits appropriation on an approximate 42% GPR/58% FED basis. The MHIs are supported with both GPR and PR. GPR supports the costs of care for forensic patients and other nonbillable patients, and the PR includes charges to counties for civil commitments, MA benefit payments, and third-party liabilities. The WRC and SRSTC are funded entirely with GPR.

Base funding for food, drugs, medical and other variable costs for these seven institutions is \$17,767,100 (\$7,566,300 GPR and \$10,200,800 PR). The PR base is supported by approximately \$3,389,400 GPR and \$4,771,000 FED of MA funds transferred from the Division of Health Care Financing, and \$2,040,400 from other PR sources.

GOVERNOR

Variable Nonfood Costs. Provide \$2,338,500 (\$1,576,600 GPR and \$761,900 PR) in 2003-04 and \$3,387,600 (\$2,244,100 GPR and \$1,143,500 PR) in 2004-05 to fund projected increases in variable nonfood costs.

Food Costs. Reduce funding by \$404,400 (-\$230,300 GPR and -\$174,100 PR) in 2003-04 and by \$404,100 (-\$196,000 GPR and -\$208,100 PR) in 2004-05 to support food service costs.

DISCUSSION POINTS

1. Actual food and variable nonfood costs at DCTF institutions are affected by several factors, including resident populations, the mix of GPR- and PR-supported patient populations at the MHIs, and inflationary increases. Funding in the bill for food, drugs and other variable items should be adjusted to reflect current estimates.

2. The differences between the current estimate of these costs of providing food and variable nonfood services and the estimates used by the administration reflect: (a) a reestimate of the number of CIP IA placements that will be made from the state centers in 2002-03; (b) reestimates of populations at these facilities; and (c) more recent estimates of projected cost increases for food and nonfood variable services based on DRI inflation projections, rather than historical actual expenditures. The projected increases in drug costs are based on a combination of historical trends and inflation expectations. These estimates do not take into account any projected CIP IA placements in 2003-05 as reductions in food and variable non-food costs will be made to the state centers' budget as part of the 2005-07 biennial budget process.

3. The attachment to this paper compares, by institution, the base budget, the Governor's recommendations and current estimates of food and variable nonfood service costs at each facility. Although these reestimates would decrease GPR funding provided in the Governor's bill, the total (all funds) increase in funding for food and variable nonfood costs over the base to support these costs would be 12.6% in 2003-04 and 20% in 2004-05.

4. Adjustments to the PR funding for the mental health institutes and the state centers affect MA benefits costs. Because the revised estimates would increase PR funding that support these institutions, MA benefits funding should be increased by \$132,300 GPR and \$186,000 FED in 2003-04 and by \$217,500 GPR and \$305,200 FED in 2004-05.

MODIFICATION

Modify the Governor's recommendation by increasing funding in the bill by \$305,200 (-\$381,200 GPR and \$686,400 PR) in 2003-04 and by \$576,400 (-\$334,100 GPR and \$910,500 PR) in 2004-05 for food and variable non-food service costs at DCTF institutions. In addition, increase

MA benefits funding by \$318,300 (\$132,300 GPR and \$186,000 FED) in 2003-04 and by \$522,700 (\$217,500 GPR and \$305,200 FED) in 2004-05 to reflect these changes.

| <u>Modification</u> | <u>GPR</u> | <u>FED</u> | <u>PR</u> | <u>TOTAL</u> |
|---|-------------|------------|-------------|--------------|
| 2003-05 FUNDING (Change to Bill) | - \$365,500 | \$491,200 | \$1,596,900 | \$1,722,600 |

Prepared by: Jessica L. Stoller
Attachment

ATTACHMENT

Care and Treatment Facilities Food and Variable Non-food Costs

FOOD

| | | Base Funding | Governor 2003-04 | Change to Base 2004-05 | Reestimate | | Change to Governor | | Biennial |
|--------------------|-----------|------------------|---------------------|---------------------------|-----------------|----------------|--------------------|---------------|---------------|
| | | | | | 2003-04 | 2004-05 | 2003-04 | 2004-05 | |
| Mendota | GPR | \$308,000 | -\$800 | -\$1,300 | \$4,200 | \$4,100 | \$5,000 | \$5,400 | \$10,400 |
| | PR | <u>264,900</u> | <u>-99,500</u> | <u>-99,700</u> | <u>-96,800</u> | <u>-96,900</u> | <u>2,700</u> | <u>2,800</u> | <u>5,500</u> |
| Total | | \$572,900 | -\$100,300 | -\$101,000 | -\$92,600 | -\$92,800 | \$7,700 | \$8,200 | \$15,900 |
| Winnebago | GPR | 228,400 | 4,000 | 9,900 | 17,000 | 26,200 | 13,000 | 16,300 | 29,300 |
| | PR | <u>239,800</u> | <u>-33,800</u> | <u>-28,500</u> | <u>-22,200</u> | <u>-14,000</u> | <u>11,600</u> | <u>14,500</u> | <u>26,100</u> |
| Total | | \$468,200 | -\$29,800 | -\$18,600 | -\$5,200 | \$12,200 | \$24,600 | \$30,800 | \$55,400 |
| WI Resource Center | GPR | \$620,800 | -\$59,500 | -\$49,300 | -\$3,200 | \$26,400 | \$56,300 | \$75,700 | \$132,000 |
| Sand Ridge | GPR | \$618,500 | -\$174,000 | -\$155,300 | -\$172,900 | -\$155,500 | \$1,100 | -\$200 | \$900 |
| Central WI Center | PR | \$520,200 | \$6,500 | \$4,100 | \$7,700 | \$8,400 | \$1,200 | \$4,300 | \$5,500 |
| Northern WI Center | PR | \$293,400 | -\$21,200 | -\$44,600 | -\$13,100 | -\$18,900 | \$8,100 | \$25,700 | \$33,800 |
| Southern WI Center | PR | \$469,100 | -\$26,100 | -\$39,400 | -\$16,800 | -\$22,600 | \$9,300 | \$16,800 | \$26,100 |
| Total | GPR | \$1,775,700 | -\$230,300 | -\$196,000 | -\$154,900 | -\$98,800 | \$75,400 | \$97,200 | \$172,600 |
| Total | PR | <u>1,787,400</u> | <u>-174,100</u> | <u>-208,100</u> | <u>-141,200</u> | <u>144,000</u> | <u>32,900</u> | <u>64,100</u> | <u>97,000</u> |
| Total | All Funds | \$3,563,100 | -\$404,400 | -\$404,100 | -\$296,100 | -\$242,800 | \$108,300 | \$161,300 | \$269,600 |

VARIABLE NON-FOOD

| | | | | | | | | | |
|--------------------|-----------|------------------|-----------------|------------------|------------------|------------------|----------------|----------------|------------------|
| Mendota | GPR | \$1,515,600 | \$349,800 | \$506,900 | \$92,800 | \$254,800 | -\$257,000 | -\$252,100 | -\$509,100 |
| | PR | <u>1,238,000</u> | <u>-233,600</u> | <u>-148,900</u> | <u>50,000</u> | <u>137,200</u> | <u>283,600</u> | <u>286,100</u> | <u>569,700</u> |
| Total | | \$2,753,600 | \$116,200 | \$358,000 | \$142,800 | \$392,000 | \$26,600 | \$34,000 | \$60,600 |
| Winnebago | GPR | 1,201,500 | 338,800 | 488,000 | 166,300 | 350,800 | -172,500 | -137,200 | -309,700 |
| | PR | <u>1,550,200</u> | <u>-184,300</u> | <u>-51,900</u> | <u>147,500</u> | <u>311,000</u> | <u>331,800</u> | <u>362,900</u> | <u>694,700</u> |
| Total | | \$2,751,700 | \$154,500 | \$436,100 | \$313,800 | \$661,800 | \$159,300 | \$225,700 | \$385,000 |
| WI Resource Center | GPR | \$2,166,100 | \$224,600 | \$453,800 | \$212,700 | \$435,300 | -\$11,900 | -\$18,500 | -\$30,400 |
| Sand Ridge | GPR | \$907,400 | \$663,400 | \$795,400 | \$648,200 | \$771,900 | -\$15,200 | -\$23,500 | -\$38,700 |
| Central WI Center | PR | \$2,740,700 | \$750,100 | \$948,200 | \$740,200 | \$959,300 | -\$9,900 | \$11,100 | \$1,200 |
| Northern WI Center | PR | \$1,401,500 | \$267,800 | \$234,500 | \$303,200 | \$385,600 | \$35,400 | \$151,100 | \$186,500 |
| Southern WI Center | PR | \$1,483,000 | \$161,900 | \$161,600 | \$174,500 | \$196,800 | \$12,600 | \$35,200 | \$47,800 |
| Total | GPR | \$5,790,600 | \$1,576,600 | \$2,244,100 | \$1,120,000 | \$1,812,800 | -\$456,600 | -\$431,300 | -\$887,900 |
| Total | PR | <u>8,413,400</u> | <u>761,900</u> | <u>1,143,500</u> | <u>1,415,400</u> | <u>1,989,900</u> | <u>653,500</u> | <u>846,400</u> | <u>1,499,900</u> |
| Total | All Funds | \$14,204,000 | \$2,338,500 | \$3,387,600 | \$2,535,400 | \$3,802,700 | \$196,900 | \$415,100 | \$612,000 |

TOTAL - FOOD AND VARIABLE NON-FOOD

| | | Base | Governor | Change to Base | Reestimate | | Change to Governor | | Biennial |
|--------------------|-----------|-------------------|-----------------|-----------------|------------------|------------------|--------------------|----------------|------------------|
| | | <u>Funding</u> | <u>2003-04</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2004-05</u> | <u>2003-04</u> | <u>2004-05</u> | |
| Mendota | GPR | \$1,823,600 | \$349,000 | \$505,600 | \$97,000 | \$258,900 | -\$252,000 | -\$246,700 | -\$498,700 |
| | PR | <u>1,502,900</u> | <u>-333,100</u> | <u>-248,600</u> | <u>-46,800</u> | <u>40,300</u> | <u>286,300</u> | <u>288,900</u> | <u>575,200</u> |
| Total | | \$3,326,500 | \$15,900 | \$257,000 | \$50,200 | \$299,200 | \$34,300 | \$42,200 | \$76,500 |
| Winnebago | GPR | \$1,429,900 | \$342,800 | \$497,900 | \$183,300 | \$377,000 | -\$159,500 | -\$120,900 | -\$280,400 |
| | PR | <u>1,790,000</u> | <u>-218,100</u> | <u>-80,400</u> | <u>125,300</u> | <u>297,000</u> | <u>343,400</u> | <u>377,400</u> | <u>720,800</u> |
| Total | | \$3,219,900 | \$124,700 | \$417,500 | \$308,600 | \$674,000 | \$183,900 | \$256,500 | \$440,400 |
| WI Resource Center | GPR | \$2,786,900 | \$165,100 | \$404,500 | \$209,500 | \$461,700 | \$44,400 | \$57,200 | \$101,600 |
| Sand Ridge | GPR | 1,525,900 | 489,400 | 640,100 | 475,300 | 616,400 | -14,100 | -23,700 | -37,800 |
| Central WI Center | PR | 3,260,900 | 756,600 | 952,300 | 747,900 | 967,700 | -8,700 | 15,400 | 6,700 |
| Northern WI Center | PR | 1,694,900 | 246,600 | 189,900 | 290,100 | 366,700 | 43,500 | 176,800 | 220,300 |
| Southern WI Center | PR | <u>1,952,100</u> | <u>135,800</u> | <u>122,200</u> | <u>157,700</u> | <u>174,200</u> | <u>21,900</u> | <u>52,000</u> | <u>73,900</u> |
| Total | GPR | \$7,566,300 | \$1,346,300 | \$2,048,100 | \$965,100 | \$1,714,000 | -\$381,200 | -\$334,100 | -\$715,300 |
| Total | PR | <u>10,200,800</u> | <u>587,800</u> | <u>935,400</u> | <u>1,274,200</u> | <u>1,845,900</u> | <u>686,400</u> | <u>910,500</u> | <u>1,596,900</u> |
| Total | All Funds | \$17,767,100 | \$1,934,100 | \$2,983,500 | \$2,239,300 | \$3,559,900 | \$305,200 | \$576,400 | \$881,600 |